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DISPATCH		CLASSIFICATION	PROCESSING		
		SECRET	PROPOSED	ACTION	ACCOMPLISHED
TO	CHIEF/EC			MARKED FOR INDEXING	
INFO	COS/GERMANY	CHIEF/ECB		NO INDEXING REQUIRED	
FROM	CHIEF, MUNICH OPERATIONS BASE			ONLY QUALIFIED HEADQUARTERS DESK CAN JUDGE INDEXING	
SUBJECT	CANOG/CAPEDAL OPERATIONAL TERMINATION OF CAPEDAL			ABSTRACT	
ACTION REQUIRED - REFERENCES				MICROFILM	
<p>REPLY TO REQUEST FOR TERMINATION DOWNSIDE DATA</p> <p>1. CAPEDAL, WHO HAS PERFORMED SURVEILLANCE AND INVESTIGATIVE DUTIES AS A PRIVATE CONTRACTOR FOR KUBARK SINCE 17 OCTOBER 1952, IS TO BE TERMINATED AS SOON AS POSSIBLE. TERMINATION WILL BE AT KUBARK INITIATIVE AND CAPEDAL WILL BE NOTIFIED OF THIS FACT AS SOON AS A REPLY TO THIS DISPATCH IS RECEIVED. A REPLACEMENT FOR HIM HAS BEEN SELECTED AND ENTERED ON DUTY ON 7 NOVEMBER 1962.</p> <p>2. WE INTEND TO TERMINATE CAPEDAL FOR THE FOLLOWING REASONS:</p> <p>A. SECURITY - FOR THE PAST TEN YEARS CAPEDAL'S DUTIES HAVE REQUIRED THAT HE BE IN CONTACT WITH A CONSIDERABLE NUMBER OF KUBARK STAFFERS AND THAT HE HAVE KNOWLEDGE OF HUNDREDS OF INDIVIDUALS OF INTEREST TO KUBARK. ALTHOUGH WE HAVE NO REASON TO SUSPECT HIS LOYALTY, CAPEDAL HAS A NUMBER OF PERSONAL FRIENDS AMONG OPHELIA AND CAVATA PERSONNEL AND WOULD BE IN A POSITION TO SHOULD HE BECOME DISAPPECTED TO REVEAL MUCH INFORMATION ABOUT KUBARK. THE OVER-EXPOSURE OF KUBARK PERSONNEL AND ASSETS IN LIGHT IN OUR LONG RELATIONSHIP WITH CAPEDAL, THEREFORE, CONSTITUTES A POTENTIAL SECURITY RISK WHICH CAN ONLY INCREASE WITH TIME.</p> <p>B. AGE - CAPEDAL IS NOW SIXTY-ONE YEARS OLD AND, ALTHOUGH HE SEEMS TO BE IN EXCELLENT HEALTH, HIS DUTIES WERE HANDLED OUT IN ALL KINDS OF WEATHER. WE CONSIDER THAT IT IS NOT IN OUR INTEREST OR OURS TO CONTINUE THIS SITUATION. IT SHOULD BE ADMITTED THAT CAPEDAL WOULD VIGILANTLY DISAGREE WITH THIS POINT OF VIEW.</p>					
<p>DISTRIBUTION</p> <p>BY TAPE</p> <p>3 - EC</p> <p>2 - COS/GERMANY</p> <p>2 - CHIEF/ECB</p> <p>BY POUCH</p> <p>1 - WASH</p>					
<p>CS COPY</p> <p>CROSS REFERENCE TO</p> <p>CLASSIFICATION</p> <p>SECRET</p>			<p>DATE TYPED</p> <p>6 NOV 62</p> <p>DATE DISPATCHED</p> <p>NOV 13 1962</p> <p>DISPATCH SYMBOL AND NUMBER</p> <p>EGMA 50474</p> <p>HEADQUARTERS FILE NUMBER</p>		

*under review
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with info
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EXEMPTIONS Section 3(b)
 (2)(A) Privacy ☐
 (2)(B) Methods/Sources ☒
 (2)(G) Foreign Relations ☒

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<p>4-10-52</p> <p>3. FINANCIAL. CAPELAL 1 WAS LAST GIVEN AN INCREASE IN SALARY IN NOVEMBER 1951. SINCE THAT TIME HE HAS MORE OR LESS CONSTANTLY AGITATED FOR AN INCREASE IN THE DM 1500.00 MONTHLY SALARY WE ARE PAYING HIM. IN JUSTICE TO CAPELAL 1 IT MUST BE ACKNOWLEDGED THAT THE REASONS HE SO OFTEN CITES FOR WANTING MORE MONEY MAKE SENSE. FROM THE EMPLOYEE'S POINT OF VIEW. AT THE SAME TIME, IT IS CLEAR THAT THE JOB CAPELAL 1 IS DOING IS SIMPLY NOT WORTH MORE TO KUBARK THAN WE ARE NOW PAYING. ALTHOUGH HE CONTINUES TO PERFORM TO THE BEST OF HIS CONSIDERABLE ABILITIES, IT IS EVIDENT HE IS BECOMING BITTER AT OUR REFUSAL TO GRANT HIM AN INCREASE IN PAY AND WILL BECOME MORE LITTER AS TIME GOES ON. UNDER THESE CIRCUMSTANCES A FRIENDLY TERMINATION AT THIS TIME IS NOT TO OUR INTEREST AND CONTINUING HIS SERVICES WOULD BE.</p> <p>2. IN ORDER TO ENSURE A FRIENDLY TERMINATION WE INTEND TO INCORPORATE THE FOLLOWING POINTS IN OUR TERMINATION PLANS.</p> <p>A. GIVE CAPELAL 1 A GENEROUS TERMINATION BONUS (AS DISCUSSED IN PARAGRAPH 4 BELOW).</p> <p>B. GIVE HIM SIX WEEKS NOTICE OF TERMINATION RATHER THAN THE ONE MONTH SPECIFIED IN HIS CONTRACT.</p> <p>C. GIVE HIM TO UNDERSTAND THAT WE ARE NOT TERMINATING HIM THROUGH DISSATISFACTION WITH HIS SERVICES BUT RATHER AS A RESULT OF FISCAL AND ADMINISTRATIVE NECESSITY. IT SHOULD BE NOTED THAT IN DIRECTING CAPELAL 1 TO REDUCE THE UNDULY HIGH OPERATIONAL EXPENDITURES TO WHICH HE HAS ACCUSTOMED HIMSELF OVER THE YEARS, WE HAVE REPEATEDLY STATED THAT HIS ACTIVITIES ARE COSTING THE ORGANIZATION MORE THAN THEY SHOULD AND THAT AS A RESULT WE ARE UNDER PRESSURE TO EITHER REDUCE EXPENSES GREATLY OR HANDLE THE POLICE INVESTIGATIONS THROUGH LIAISON CHANNELS.</p> <p>D. FINALLY, INFORM HIM THAT WE INTEND TO REMAIN IN CONTACT WITH HIM AFTER HIS TERMINATION, BOTH IN ORDER TO ASSURE OURSELVES OF HIS WELL BEING AND, POSSIBLY, TO MAKE USE OF HIS EXPERIENCE AND SERVICES AGAINST SUITABLE REMUNERATION FROM TIME TO TIME.</p> <p>4. WE DESIRE TO PAY CAPELAL 1 A TERMINATION BONUS OF DM 15,000 BASED ON ONE MONTH'S SALARY FOR EVERY YEAR HE HAS WORKED FOR KUBARK. WHILE THIS IS A SIZEABLE AMOUNT, WE CONSIDER THAT IT IS JUSTIFIED FOR THE FOLLOWING REASONS:</p> <p>A. CAPELAL 1 HAS WORKED EFFICIENTLY AND FAITHFULLY FOR KUBARK FOR TEN YEARS DURING THE LAST FOUR OF WHICH HIS SALARY HAS REMAINED CONSTANT DURING A PERIOD OF RISING COSTS.</p> <p>B. AT HIS AGE IT WOULD BE IMPROBABLE FOR HIM TO FIND ANOTHER JOB. FURTHERMORE, DUE TO HIS AGE AND THE LOSS OF KUBARK HE WILL NOT BE ENTITLED TO THE PENSION HE WOULD OTHERWISE HAVE BEEN ABLE TO EARN BY RESUMING HIS CAREER WITH THE GERMAN GOVERNMENT IN 1952 WHEN WE RECRUITED HIM.</p> <p>C. A GERMAN NATIONAL EMPLOYED BY THE U.S. ARMY IN A CAPACITY SIMILAR TO CAPELAL 1'S OVERT POSITION, WITH THE SAME SALARY AND LENGTH OF SERVICE, WOULD BE ENTITLED TO A RETIREMENT SETTLEMENT OF SOME DM 12,000 IN ACCORDANCE WITH GERMAN LAW.</p>		
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D. IF EVER CAPELAL 1 WERE TO BECOME DISAFFECTED WITH KODARK IT WOULD BE AT THAT TIME THE ORGANIZATION COULD TURN OFF WITHOUT GENEROUS REGARD FOR HIS LENGTH OF SERVICE AND AGE. IT SHOULD BE NOTED IN THIS RESPECT THAT WE ARE NOT REFERRING TO HIS BREAKING OF HIS SECURITY OATH. CAPELAL 1 HAS OVER THE YEARS DEVELOPED A WIDE CIRCLE OF CONTACTS WHO ARE IN NO WAY KODARK CONTROLLED SOURCES BUT FROM WHOM HE RECEIVES INFORMATION THROUGH CAPELAL 1. WE ARE NATURALLY DESIROUS OF TAKING CARE OF HIM BY DIRECTLY APPROACHING A NUMBER OF THESE INDIVIDUALS. SHOULD CAPELAL 1 BE DISSATISFIED WITH HIS TERMINATION HE COULD, WITHOUT VIOLATING SECURITY, SPREAD THE WORD AMONG HIS CONTACTS THAT THE AMERICANS HAD TREATED HIM SHABBILY AND THEREBY MAKE OUR EFFORTS TO MAINTAIN THE FLOW OF INFORMATION HITHERTO DERIVED FROM HIM CONSIDERABLY MORE DIFFICULT.

5. IN VIEW OF THE FOREGOING, HEADQUARTERS' AUTHORIZATION IS HEREWITH REQUESTED TO PAY CAPELAL 1 A TERMINATION BONUS OF UP TO DN 15,000 /OA U.S. DOLLARS 4,500/. IT IS FURTHER REQUESTED THAT HOB BE AUTHORIZED TO PAY CAPELAL 1 THIS SUM IN ONE LUMP PAYMENT. WE HAVE ELICITED THE FACT THAT HE IS ATTEMPTING TO INVEST HIS SAVINGS IN SUCH MANNER AS TO PROVIDE HIM WITH A SOURCE OF INCOME WHEN THE DAY COMES THAT HE CAN NO LONGER WORK. IT IS CONSIDERED THAT A LUMP SUM PAYMENT OF HIS TERMINATION BONUS WOULD PROVIDE CAPELAL 1 WITH BETTER INVESTMENT OPPORTUNITIES THAN WOULD SMALLER PAYMENTS OVER A PERIOD OF TIME. IN VIEW OF OUR TERMINATION PLANS IT IS ALSO REQUESTED THAT HOB BE NOTIFIED OF HEADQUARTERS' DECISION AS SOON AS POSSIBLE.

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